

Global Counterfeit Trade:

The High Cost of Cheap Goods



United States
Diplomacy Center

 **Discover
Diplomacy**



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Simulation Background

When people shop for “**fast fashion**” or “knockoffs,” purchasing fake designer bags, shoes, or sunglasses, they probably do not think they are supporting criminal networks and worker exploitation, but they would be wrong. These goods fund illicit global trade that poses a threat to national and international security by weakening economies and placing money in the hands of criminals, potentially including human traffickers and terrorists, who can use established smuggling and **money laundering** operations for their own ends.

Counterfeiting, or the misleading reproduction, manufacture, marketing and selling of a product as something that is not, poses a serious threat to legitimate global trade. The trend toward **outsourcing** manufacturing and production processes overseas has created loopholes in legal global commerce and international trade regulations that counterfeiters use to their advantage. The sale of counterfeit goods is estimated at over \$250 billion per year and includes many industries, such as apparel, pharmaceuticals, and electronics. Apparel, such as clothing, shoes, or accessories, comprises 57% of all counterfeit goods seized.

Law enforcement authorities worldwide have found that international criminal networks are involved in **counterfeiting**. These networks often base businesses and manufacturing facilities in developing countries that have little or no legislation against **counterfeiting** because there is less risk of being apprehended or prosecuted. Counterfeiters often conceal their activities by creating fictitious businesses through which they can “launder” illegal profits.

The illicit trafficking of counterfeit goods reduces tax income for countries as items are smuggled over borders and sold illegally. Lost taxes means less money for governments to spend on important social services including policing, education, and health care for ~~their~~^{its} citizens. **Tax evasion** enables criminal networks to sell counterfeit goods at lower costs and to bypass quality controls. Groups involved in global counterfeit trade evade product inspections that would regulate the authenticity and safety of goods.

The availability and demand for inexpensive clothing and other consumer goods has led to some degree of social tolerance of fake goods. The urge to purchase luxury consumer goods at a low price can be strong, regardless of the quality and legal status of the product. Buyers often believe no one is really “hurt” by their purchases and that **counterfeiting** is a “victimless crime.”

Some well-known corporate apparel companies profit from exploiting existing designs of high-fashion and emerging brands by creating imitations or “knockoffs” of luxury goods to be sold at a fraction of the cost of the genuine products. This allows the manufacturer to avoid the high costs associated with research, design, and marketing. Passing off these counterfeit goods as originals usually constitutes **trademark infringement** by the company that created the imitated goods and a violation of the **intellectual property rights** (IPR) of the designer. Financial losses

BACKGROUND





lead legitimate companies to raise prices on their goods, making them even more expensive and out of reach for the average consumer.

Clothing counterfeiters circumvent trade, environmental, and labor regulations, threatening the environment and public health. They often employ **sweatshop** labor, participate in environmentally irresponsible manufacturing processes, and use low-quality materials. The factories producing counterfeit goods often use toxic dyes and chemicals, dispose of waste illegally, and contribute to air pollution.

Several recent large-scale disasters in the counterfeit garment industry resulted from lack of regulation. Between 2012 and 2015, more than 1,600 garment workers died and many more were injured. In several incidents, barred windows and locked exits trapped workers in burning buildings. The factories are often crowded with many more workers than they are allowed to have - in one case there were over 1,000 employees in a space approved for 250.

The unregulated nature of factory work places employees in vulnerable positions. At particular risk are women and children who often have few legal rights and illegal immigrants who are afraid to speak out for fear of deportation or incarceration. The unsafe working conditions come with low wages of about \$40 per month for skilled workers and long work shifts of 13 or 14 hours are the norm.

These disasters raised awareness of dangerous working conditions in factories and the need for regulation and oversight of businesses known for exploiting workers. Yet much work remains to educate consumers that the money they spend on counterfeit designer apparel contributes to this exploitation and often helps fund organized crime groups.

In this simulation exercise, you will focus on the impact of the counterfeit and intellectual property rights infringing trade on the workers who make the goods. The countries of Beyaria, Ekara, and Grenesia are all under pressure because of a disastrous garment factory fire and resulting scrutiny from the international community. As you try to address the issues in this situation, you will find that various **stakeholders** have different objectives. You will need to find common ground to gain support for improving the working conditions for factory workers and for measures to combat counterfeit trade.

The facilitator or instructor will assign each participant to a delegation representing one of the following **stakeholders**:

1. U.S. Department of State (DOS)
2. World Trade Organization (WTO)
3. Society Against Labor Endangerment (SALE)
4. Ekara
5. Beyaria

BACKGROUND





6. Grenesia

Simulation Scenario*

Recent events in the garment trade have brought the names of three countries into news headlines. Beyaria, a highly developed nation, is home to the Xpensive brand known for its Monrui luxury line and specifically for its handbags. Across an ocean from Beyaria are the neighboring countries of Ekara and Grenesia. Factories in Ekara have contracts to manufacture Xpensive products. A recent manufacturing disaster in Grenesia, Ekara's neighbor, has brought unwanted attention to all three countries.

A factory in Grenesia caught fire and partially collapsed. This factory manufactured Monasa products, a brand that illegally copies Beyaria's exclusive Monrui line, infringing its intellectual property rights. There were almost 900 fatalities in the ensuing tragedy and the workers, including hundreds of children, were trapped on upper floors of the building. Community members as well as international trade and labor organizations had long voiced concerns regarding the factory's safety. After the collapse, officials discovered numerous building code violations, including the addition of multiple stories without necessary permits or inspections.

Labor activists visiting the scene after the fire found both Monasa and Monrui labels in the remains. This led them to suspect that the disreputable factory was also manufacturing or counterfeiting the Monrui brand.

Beyaria and Xpensive Corporation strongly deny any approval of or involvement with the production of Monrui-labeled goods at the factory in Grenesia. In its defense, the Beyarian government references its strict laws against counterfeit items. These laws include severe fines and jail time for those convicted of importing or selling counterfeit goods within its borders.

Suggestions that Beyaria may have been complicit in the conditions leading to the recent tragedy have tarnished Beyaria's international image as a leading proponent of good labor practices and human rights protection. Beyaria supports Xpensive's assertions that the designs and specifications the company sent to factories in Ekara were illegally sold to factories in Grenesia, a clear violation of Xpensive's **intellectual property rights**.

The popularity of the pricey Monrui products has resulted in Beyarian citizens purchasing the Monasa brand items, creating a high demand for the counterfeit items, much to the chagrin of the Xpensive brand and the Beyarian government. Recently, Beyarian border guards apprehended and seized a large consignment of Monasa products headed to Beyaria. This brought the issue to the forefront of governmental attention once again.

Despite pledges from Grenesian government officials after the recent factory fire, nothing has

BACKGROUND





been done to improve working conditions for thousands of employees. Labor activists blame the businesses producing counterfeit goods for pressuring factories to keep prices low, contributing to the poor working conditions. There have been recent protests by workers and activists over safety concerns and low wages. Some advocates, however, credit the industry for providing jobs and lifting people out of poverty despite the low wages. Additionally, many advocates and labor activists assert that legitimate companies like Xpensive also benefit from low costs and the lack of regulatory requirements that developing nations offer. They believe that powerful countries like Beyaria are less concerned with worker safety and human rights than with defending Beyarian corporate interests.

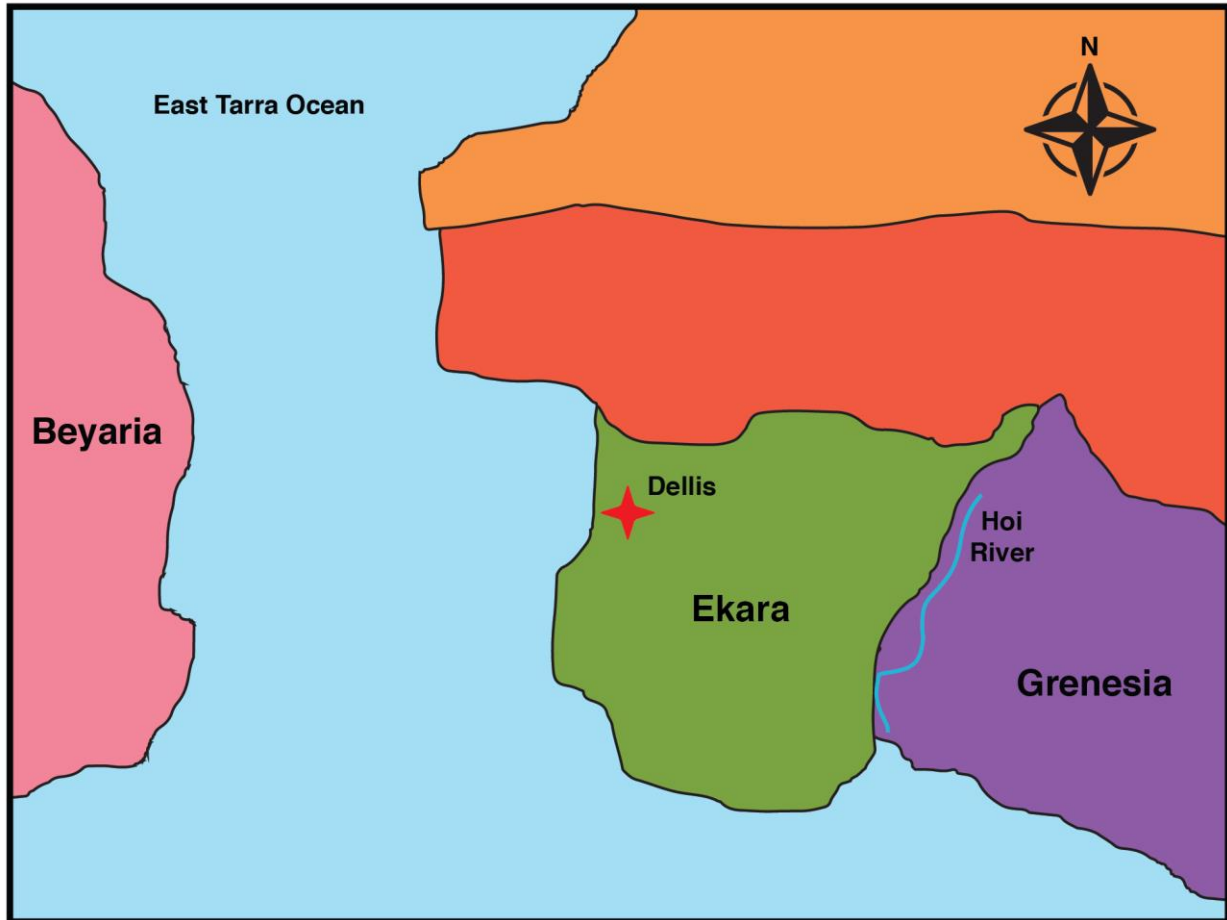
**This is a hypothetical scenario, though it is grounded in real issues and circumstances. The statistics, geography, and details in this exercise should not be read as describing any specific, real world situation.*

SCENARIO





Global Counterfeit Trade Map



MAP





Fact Sheet:

U.S. Department of State (DOS)

The State Department leads the United States in its relationships with foreign governments, international organizations, and the people of other countries. It aims to promote the security, prosperity, and interests of the American people around the world. It does so by creating American jobs through support for open markets for U.S. companies; by issuing passports and providing emergency assistance to U.S. citizens abroad; by negotiating treaties to reduce nuclear weapons and equipping countries to respond to their own security challenges; by helping countries with health, food, and humanitarian crises; by promoting stability, peace, and human rights; and by increasing understanding of American society and values.

The United States is party to a number of trade treaties, such as the North American Free Trade Agreement (NAFTA), and has free trade agreements with several countries. The United States is a member of the International Labor Organization (ILO), a United Nations agency, and of the **World Trade Organization (WTO)**.

The United States recognizes that the protection of **intellectual property rights** and safe, ethical labor practices are important to its prosperity and security and, furthermore, important to international prosperity and security.

- Counterfeit trade poses a U.S. national security threat because of its links to international crime networks and terrorist groups.
- Labor exploitation violates human rights.
- **Intellectual property rights** violations undermine U.S. economic and trade relations in the international arena.

With the aid of the Departments of Labor and Commerce, countless **NGOs**, and a public interested in protecting worker safety and **intellectual property**, the United States is partnering with the international community to find long term solutions for these security and labor concerns.

Several U.S. companies invest in Grenesia and Ekara. DOS is concerned that the crime syndicates that are operating in those countries are trafficking drugs into the United States. Any kind of transnational crime presents a security issue for the United States and its international partners.

Opening Position:

- You can rely on the vibrant U.S. civil society to support efforts to find a resolution to security and labor concerns related to counterfeiting and intellectual property rights

FACT SHEET





violations.

- You want **WTO** to play a stronger role in the discussions, supporting and promoting TRIPS principles.
- You sympathize with the position of Beyaria and generally support its efforts.
- You want to build a stronger relationship with Grenesia to help promote the rule of law and ensure stability in the region.
- You support the work of SALE and want to encourage its involvement in the region.

Questions to Consider:

- Why is protecting **intellectual property** and labor rights important to the U.S. government?
- What are U.S. priorities in dealing with issues of child exploitation?
- What regulations does the United States have in place regarding safe, legal trade and labor practices?
- What implications do the decisions made by DOS have in the future?
- What advantage does the United States receive if the **WTO** plays a stronger role in discussions of the illegal counterfeit and intellectual property rights infringing trade?
- What programs might DOS support to help decrease the demand for counterfeit goods while increasing enforcement of current labor protections and anti-counterfeit efforts?

FACT SHEET





Fact Sheet: World Trade Organization (WTO)

The **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)** was negotiated between 1986 and 1994 by member states of the **World Trade Organization (WTO)**. Knowledge and ideas are vital to trade, leading to the growing importance of **intellectual property rights** and protection when these rights are exploited. This agreement introduces **intellectual property rights** into the international trading system and provides a standard for common international rule.

International trade rules were designed to introduce and maintain order and predictability. **TRIPS** protects **patents, copyrights, trademarks, and geographical indicators** to stabilize, balance, and secure the trade and transfer of technology and ideas in all **WTO** member states. Products such as films, books, electronics, and clothing are valued in the international economy because of the information they possess and the creativity they represent.

Trade in counterfeit and pirated goods threatens innovation, business competition, the livelihoods of workers, and, in some cases, national security. Trade in illegitimate goods is associated with smuggling and other criminal activities, and may fund terrorist groups. Products made without any oversight or environmental safety rules can endanger consumers' health and safety.

Before the **TRIPS** agreement, protection and enforcement of **intellectual property rights** varied around the world. These differences increased international tension as countries tried to negotiate and protect new technology and research on their own. Governments supporting **intellectual property** protection saw this as an incentive to produce more ideas that ultimately benefit all of society. However, weak laws or enforcement in one country may undermine strict laws in another. The **WTO's TRIPS** Agreement is an attempt to minimize gaps in the international trading system by establishing a precedent for **intellectual property rights** protection and enforcement for all **WTO** members.

The **WTO**, in partnership with the International Anti-Counterfeiting Coalition (IACC), is dedicated to legislating and enforcing strong penalties – including criminal penalties – for counterfeiters. The rules to protect intellectual property rights require regular updates as innovations and technologies emerge and international trading priorities shift.

Opening Position:

- You want to help **stakeholders** find consensus, practical solutions, and lasting stability.

FACT SHEET





- You act as an impartial facilitator with the other stakeholder groups.
- You will advocate for vigorous enforcement of laws against illegal counterfeit trade and protection of **intellectual property rights**.
- You can provide useful information and data to all parties on the consequences of **intellectual property rights** violations.

Questions to Consider:

- What progress has the **TRIPS** made on improving the situation regarding illegal counterfeit trade?
- What measures are in place to prevent **intellectual property rights** violations? How effective are these measures?
- What do **WTO** member states believe is the best way to handle the situation?
- How can WTO, especially through **TRIPS**, better assist other nations with information sharing and regulation of counterfeit trade?
- Can **WTO** advise **stakeholders** on alternative means for earning national income to replace illegal counterfeit trade?

FACT SHEET





Fact Sheet:

Society Against Labor Endangerment (SALE)

The Society Against Labor Endangerment (SALE) is an international, respected **non-governmental organization (NGO)** that recently moved its headquarters to Dellis, the capital of Ekara. Since its founding in 1989, SALE has worked as an advocate for the preservation of **intellectual property rights** and employee safety. It specifically campaigns for the rights of garment workers who are often exploited by their employers and exposed to unsafe conditions. Its mission is to raise awareness, provide information, and promote international solidarity between workers and consumers.

Due to poor employee regulations, lack of factory inspections, and market demand for quick product turnover, some clothing brands and garment factories regularly cut corners. They often increase profit at the expense of workers who face long hours, low pay, and unsafe factory conditions. Immigrants, women, and children, who have historically received the lowest wages, are especially vulnerable to exploitation.

In an effort to address the fair and just treatment of garment workers worldwide, SALE advocates directly with companies in Beyaria to improve working conditions and labor practices in garment factories. Beyarian companies **outsource** manufacturing to Ekara. SALE believes that Beyarian companies can use their influence to halt worker exploitation and mistreatment in the factories they hire to make their products.

SALE has been working for over ten years to identify and expose counterfeit operations in the region around Ekara and Grenesia. SALE believes that safe working conditions in factories is a government responsibility. More recently, it has worked to address child labor exploitation in garment factories by monitoring child labor practices and encouraging increased child labor legislation in individual countries. SALE also involves local authorities to place exploited or endangered children in schools. It then provides funding to families to replace the wages lost when children attend school, thereby increasing the likelihood that they will be able to continue their education.

SALE has had some success in Ekara with the cooperation of the government. It has seen fewer improvements in Grenesia due, in part, to governmental restrictions on access to the country. In order to address the prevalence of unsafe working conditions in factories, SALE needs governmental cooperation.

Opening Position:

- The international community respects SALE for its past successes.

FACT SHEET





- You will be critical of Beyaria's apparent tolerance for unsafe labor practices in the foreign factories that make their goods.
- You will be critical of the lack of cooperation in Grenesia with your organizational efforts.
- You believe that labor exploitation, specifically of children, is criminal and should be prosecuted in all cases.
- You can rely on effective emotional arguments and sympathy generated by the public to support your cause.
- You would like to see the WTO and the **TRIPS** play a stronger leadership role on this issue.

Questions to Consider:

- How does SALE work with nations to address issues of unsafe labor practices?
- How do **NGOs**, such as SALE, support the education of consumers?
- What are the goals of SALE?
- How can SALE work with other **stakeholders** to achieve better labor conditions for garment workers?

FACT SHEET





Fact Sheet:

Ekara

The country of Ekara has a population of 62 million people living within 32,000 square miles. Ekara has recently undergone a revolution after 25 years of dictatorial rule by a **military junta** and is slowly switching to a democratic form of government. It is safe to assume that Ekara, though wanting to follow a democratic process, has not yet achieved a complete governmental transition. The economy is predominantly agrarian and industry based. Textiles are the most profitable of the industries and represent an economically powerful group with ties to the former government.

Most citizens consider the decentralization of control in the country to be a positive step, as do most of their neighbors, but this has made the government weaker as various parties struggle to establish power. The many gangs that operate in the country's factories have ties to the former government and organized crime. The gangs manufacture and ship counterfeit products from the same factories where the authentic items are made.

Ekara shares a cultural history and economic ties with the neighboring country of Grenesia. Many factories operating along their shared border produce both legitimate and counterfeit goods, some of which are sold in Beyaria. One noteworthy example is the production of designer Monrui bags and counterfeit Monasa bags — both are produced and shipped from factories in Ekara and Grenesia.

Lucrative deals exist between several clothing brands and fashion houses and factories in the country. However, there are concerns about the safety of these factories and working conditions for employees. Ekara has rules in place to protect workers from unsafe conditions, but enforcement has not been a priority. Unless stricter counterfeit, intellectual property rights and labor regulations are enforced in Ekara, it will be difficult to stop counterfeit production and trade in the region.

There are some signs of positive change. In light of Ekara's economic growth and liberalization, the country is working to achieve **World Trade Organization (WTO)** member state status with some support from the United States, a major trading partner. To be accepted as a member, Ekara must accept all **WTO** regulations, including improved working conditions, **intellectual property rights** agreements, and anti-counterfeit laws. **WTO** status would allow Ekara's manufacturing industry increased access to the global market, but it would not be easy to enact these regulations quickly.

FACT SHEET





Opening Position:

- You would like DOS to work within the region to support democracy, rule of law, and greater stability.
- You are open to increasing your involvement with **NGOs** such as SALE.
- You want to become a member of the **WTO**.
- You want to continue to get contracts from Beyaria's designers for your factories.

Questions to Consider:

- What steps should Ekara take towards enforcing laws against illicit trade across its borders?
- How might the **WTO** assist manufacturers in Ekara to strengthen their economic opportunities?
- Why is greater stability in the region important for Ekara?
- In what specific ways can SALE assist Ekara in establishing safer factory working conditions?
- Is there any way to leverage assistance or a better relationship with Beyaria?
- Should Ekara sever its close ties with Grenesia?



Fact Sheet:

Beyaria

Beyaria is an urbanized country with a population of 85 million people. The economy is primarily service and industry based with a significant portion of jobs and revenue coming from fashion retailers and designer houses. The government is structured as a liberal democracy and unitary parliamentary republic led by a president and a prime minister. Beyaria is an active member of the United Nations, the **World Trade Organization (WTO)**, and the **Agreement on Trade-Related Aspects of Intellectual Property (TRIPS)**, and is a participant in the ongoing **Anti-Counterfeiting Trade Agreement (ACTA)** discussions.

Beyaria is particularly committed to protecting **intellectual property rights** – fashion retailing is an important part of its economy. Monrui, a well-known clothing brand native to Beyaria, produces apparel in high demand worldwide. Designer fashion is expensive, however, and counterfeiters often target it. Beyaria has committed advertising and law enforcement efforts to prevent production and purchasing of counterfeit goods. Beyaria has seen the sales of the brand Xpensive, created by Monrui, decline as a growing number of consumers purchase counterfeit Monasa goods.

Border control agents recently confiscated large shipments of Monrui look-alikes (intellectual property rights infringing), labeled Monasa, coming from Ekara into Grenesia en route to Beyaria. Although Beyaria has established **intellectual property rights** agreements with Ekara, it suspects that Ekara has violated these agreements by sharing manufacturing designs with Grenesian factories. Beyaria believes it is possible that these illegal products are produced in both Ekara and Grenesia. These products threaten the success and legitimacy of high fashion brands such as Monrui.

Beyaria's government is dedicated to enforcing laws that protect **intellectual property** and labor rights. It is concerned that designers may no longer choose to be based in Beyaria if those rights are not protected. It has worked hard to reduce consumer demand with some success within its borders through a partnership with an NGO that combats product counterfeiting and piracy. The Society Against Labor Endangerment (SALE) has worked with hundreds of companies in Beyaria to address labor violations. SALE hopes to further educate consumers on how to identify counterfeit products and help law enforcement limit criminal activities.

Opening Position:

- You want SALE to continue its assistance and support in the country and encourage its expansion to other countries like Ekara and Grenesia.

FACT SHEET





- You want the **WTO** to work with you to encourage countries in the region to take a stronger role on protecting **intellectual property rights**.
- You want Ekara to control its border through better policing and stronger penalties for counterfeit trade violations.
- You want Grenesia to become a member of the **WTO** to encourage compliance with trade laws.

Questions to Consider:

- What should Beyaria do to keep the trade in counterfeit and intellectual property rights infringing products from occurring at its borders?
- Are there other goals that SALE might help Beyaria accomplish?
- How can the **WTO's** involvement be leveraged with neighboring countries?
- Why might Ekara be reluctant to control its border?
- How would you influence Grenesia to become a member of the **WTO**?
- Is there a method of addressing the demand for intellectual property rights infringing and counterfeit products within the borders of Beyaria?
- Would Xpensive and other Beyarian international manufacturing companies be open to working with SALE to address working conditions in overseas factories?

FACT SHEET





Fact Sheet: Grenesia

Grenesia is a regional leader and has an emerging democratic government. It is slowly shifting away from one-party rule toward democracy. Despite this transformation, underground criminal networks hold significant political and economic influence. Criminal gangs with connections to terrorist organizations control manufacturing operations in the country.

Grenesia's population is approximately 70 million people and manufacturing is the primary employer for most of its citizens. Factories on the border of Grenesia and Ekara produce goods that are shipped to countries across the globe, including Beyaria. A number of Grenesian workers are employed by factories in Ekara, and vice versa. Labor abuses documented at factories along the shared border have focused negative international attention on the industry, threatening the livelihood of local manufacturers.

Grenesia is a permanent member of the UN Security Council and generally acts as a “counter-balance” to the United States on issues regarding global trade. Although it has participated in trade negotiations in the past, Grenesia views **anti-counterfeiting** laws as unfair to non-Western countries and, thus, has not sought membership in the **World Trade Organization (WTO)**.

The Grenesian government is resistant to limitations on economic production, trade, and labor practices. Exports of counterfeit and intellectual property rights infringing products help the government offset the high cost of imported oil and other vital products. The government of Grenesia has been accused of stalling on taking the necessary steps to ensure safer factory conditions as this may alienate foreign companies that seek cheap labor.

In addition, factory work provides a vital income to its citizens. If the illicit trade ends because of more stringent labor laws, citizens will need economic support that Grenesia cannot provide. Some U.S. companies have been investing in Grenesia, but due to advocacy efforts by SALE, several are pulling out of the country and considering moving to Ekara instead.

The manufacture of counterfeit goods in Grenesia is creating instability in the region and encouraging a rise in illicit counterfeit and intellectual property rights infringing product trafficking. This is causing concern not only for Grenesia's neighbors, but also for other countries like the United States that want to see the region achieve stability and economic viability.

Opening Position:

FACT SHEET





- You want DOS and **WTO** to recognize Grenesia's sovereignty and the important role you play politically and economically in the region.
- You suggest that Ekara should do more to tighten its border against counterfeit and intellectual property rights infringing traffickers.
- You profess that you are committed to protecting **intellectual property rights**, but state that you cannot eradicate the problem overnight.
- Your citizens rely on jobs in clothing factories. You fear that the involvement of the labor organization will drive manufacturers away from Grenesia, leaving you with high unemployment.

Questions to Consider:

- How could the government of Grenesia be influenced to alter its lack of policy on illicit product trafficking?
- Are there means to address the economic factors that encourage illicit production in Grenesia?
- In what ways can Grenesia influence Ekara's decision to join the **WTO**?



Tools for Negotiating Effectively

Clearly determine your position and agree on your strategy

- Clarify or restate your position if it is misrepresented by another **stakeholder** group.
- If during informal discussions you decide that your group should change its position, discuss it with your group members as soon as possible.

Realistically evaluate possible actions before you propose them

- Are the proposals **possible**?
- Will they **achieve** the results you want?
- What are the potential **unintended consequences**?

Analyze the other groups' positions

- Why do they **hold** that position?
- Why do they **oppose** or support your proposals?
- Can you apply **pressure** to make **stakeholders** re-evaluate their positions?
- Can you offer any **incentives** to make **stakeholders** re-evaluate their positions?

Build alliances

- **Identify** which **stakeholders** share your position and which do not.
- Do not spend all your time trying to persuade others. **Listen** carefully to other delegates and absorb what they are saying.
- Try to identify **common interests** and concerns you share with other **stakeholders**.
- Even if your end goal is different, are there areas of agreement?

Incentives and disincentives (“Carrots and Sticks”)

- Consider what incentives you can safely offer to other groups.
- Explain to other **stakeholders** the negative consequences (either direct or indirect) that may follow if they oppose your position.





Worksheet 1:

Questions to Think Through

Remember: There is no “right” or “wrong” outcome. This is not a debate in which you need to win the argument; your goal is to work together to find a workable solution. Build upon common ground and look for areas where you and other parties can agree. Where you disagree, try to create options that address the other parties’ concerns.

Whom do you represent?

What is your overall goal?

What goals (in priority order) would you like to achieve?

What are you willing to compromise? Always have something that you are willing to give up to help the negotiation process achieve something.

Who can help you?

Who might oppose your approach?

What incentives and disincentives can you offer to persuade others?

What is your strategy in dealing with other parties? With whom should you speak first?

WORKSHEET





Worksheet 2: Possible Actions

The follow points are **possible** actions to be taken. Prioritize your **top two** choices according to your group's policy position. Feel free to add additional actions. You will share your group's prioritized list of actions when the negotiation begins.

- Enforce penalties for factory owners who violate building codes.
- Find economic alternatives for children who work in factories.
- Build a sense of responsibility for human rights.
- Create educational programs that emphasize the hidden costs of buying fast fashion.
- Create educational programs that encourage alternatives to buying fast fashion, detailing what those alternatives are in your list of actions.
- Assist countries with the means to achieve the goal of better working conditions for laborers.
- Stop all counterfeit trade goods coming from Ekara and Grenesia.
- Other: _____
- Other: _____





Glossary

ACTA – Anti-Counterfeiting Trade Agreement; a multinational treaty created to establish international standards for **intellectual property rights** enforcement.

Copyright – A legal ruling granting the creator of an original work, such as publications or films, exclusive right for use and distribution, usually only for a limited time.

Counterfeiting – An imitation intended to be passed off fraudulently or deceptively as genuine.

Fast fashion – The practice of mass producing high fashion designs quickly in order to capture current fashion trends; typically characterized as fast, low price, and disposable products.

Geographical indicator – Readily available information consumers receive regarding the origin of a product; where the item was produced; its special characteristics as result of origin.

Intellectual property rights – Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period.

Military junta – A group of military officers who rule a country after seizing power.

Money laundering – Allows criminals to transform illegally obtained profit into seemingly legitimate funds.

Non-Governmental Organization (NGO) – A not-for-profit organization that is independent of government and is often involved in human rights, the environment, health, and/or development.

Outsourcing – To obtain goods or services for a business or organization from a source outside of that business or organization.

Patents – A government license or title granting sole protection and ownership for making, using, or selling an invention; granted for a set period of time.

Stakeholder – A person, organization, or government who has an interest in a specific event or issue.

Sweatshop – A shop employing workers at low wages, for long hours, and under poor conditions.



Tax evasion – The misrepresentation of income and/or profit to authorities in order to reduce tax liability; includes a deliberate misrepresentation of income or entirely unreported income.

Trademark – A symbol, word, or words legally registered or established by use as representing a company or product; ex. brand names and product logos.

Trademark infringement – Trademark infringement is the unauthorized use of a trademark or service mark on or in connection with goods and/or services in a manner that is likely to cause confusion, or deception about the source of the goods and/or services.

TRIPS – The Agreement on Trade-Related Aspects of **Intellectual Property Rights** (TRIPS) is an international legal agreement between all the member nations of the **World Trade Organization (WTO)**. It sets down minimum standards for the regulation by national governments of many forms of intellectual property as applied to nationals of other **WTO** member nations. TRIPS was negotiated in 1994 and is administered by the **WTO**.

World Trade Organization (WTO) – An intergovernmental organization that regulates international trade; oversees the implementation and operation of international trade agreements; hosts negotiations; and settles disputes.



Assessment

Have students write a response essay, reflecting on one or more questions about their experience during the simulation:

1. Which stakeholders made the most progress toward advancing their interests during the simulation? What kinds of negotiation strategies did those stakeholders use to make them successful?
2. How were stakeholders able to balance their competing economic, political, and human rights concerns? What common areas of agreement, interest, and/or concern were stakeholders able to identify?
3. How were stakeholders able to work within the confines of existing international laws with regard to trade and labor?
4. What was the objective/position at the beginning of the simulation? Did it change during the discussion and if so, how?
5. What role did traits or personalities of individuals play in negotiating? What contributed to successful negotiating? The opposite?





Rubric

Stakeholder: _____

Student names: _____

Stakeholder Planning	Points	Maximum Possible
Each stakeholder is appropriately prepared by reading the Background, Scenario, and Fact Sheet.		10
The entire group helps develop their stakeholder's position, outlining their chosen goals, and explaining why they have been chosen.		10
Worksheets: Questions are addressed seriously. Information from the Background, Scenario, and Fact Sheet is incorporated. Answers match the realities of the Scenario.		15
Negotiation and Resolution		
Opening Statement: Statements clearly relay the group's goals, giving a brief reason for each choice. The statement is clear and conveys the point to the other stakeholder groups.		10
Informal Negotiations: Everyone participates. Group members negotiate with other stakeholders based on the information in the Background, Scenario, and Fact Sheet. Discussions are two-way, with listening, responding, and compromising.		20
Formal Negotiations: The parties push hard for their goals and maintain dialogue. Discussion remains on topic. Group members ask questions and take notes.		15
Post Simulation Debriefing: Reflects the conclusions of the final formal negotiations. All groups achieve some of their goals. Consensus is reached, or a clear effort is made to reach consensus.		20
Total Points		100

RESOURCES





Additional Resources

All Stakeholders:

- “Building Collapse in Bangladesh Leaves Scores Dead,” (April 24, 2013). *New York Times*. Article detailing the collapse of a factory building in Dhaka, Bangladesh that was linked to American and European companies.
<http://www.nytimes.com/2013/04/25/world/asia/bangladesh-building-collapse.html?pagewanted=all>

United States Department of State:

- U.S. Diplomacy Center. *Educator resources regarding diplomacy, diplomatic simulations, external links for educators, and a guide to both online and in-person collections and exhibits at the U.S. State Department’s new museum.*
<https://diplomacy.state.gov/>
- Discover Diplomacy. *An introduction to the people who conduct diplomacy, the places where the Department of State engages in diplomacy, and the issues diplomacy helps resolve.*
<https://diplomacy.state.gov/discoverdiplomacy/>

United Nations:

- “Child Protection from Violence, Exploitation and Abuse.” Unite for Children. UNICEF. *UNICEF’s position on child labor with links to multimedia resources, details on the legal framework of child protection issues, and current statistical data visualizations.*
https://www.unicef.org/protection/57929_child_labour.html
- “Focus On: The Illicit Trafficking of Counterfeit Goods and Transnational Organized Crime.” United Nations Office on Drugs and Crime (UNODC). *Breaks down the complexities of the illicit trafficking of counterfeit goods by identifying its connection to international organized crime networks and other forms of criminal activity, such as tax fraud and money laundering. It also details how counterfeit trade affects the environment, labor exploitation, and public safety, as well as current efforts to stop illegal practices.*
https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_EN_HIRES.pdf
- “Counterfeit Goods: A Bargain or a Costly Mistake?” Transnational Organized Crime: Let’s Put Them out of Business. United Nations Office on Drugs and Crime (UNODC). *Quick facts, videos, maps, graphs, and related publications associated with the illicit trafficking of counterfeit goods.*
<http://www.unodc.org/toc/en/crimes/counterfeit-goods.html>



Labor Organizations:

- “The Triangle Shirtwaist Factory Fire of 1911.” United States Department of Labor. *This source offers a virtual learning experience of the 1911 Triangle Shirtwaist Factory Fire in New York City, including details about the location, victims, cultural context, and audio tours detailing eyewitness accounts of the fire from various perspectives.*
<https://www.dol.gov/shirtwaist/>
- “Sweatshops are the Norm in the Global Apparel Industry. We’re Standing up to Change That.” International Labor Rights Forum. *Information on some of the largest garment industry disasters that occurred between 2012-2015 in Pakistan, Bangladesh, and the Philippines. The catastrophes are connected to working conditions in the garment industry.*
<http://laborrights.org/industries/apparel>
- “Worker Safety: The Right to Work without Fear is a Human Right.” Labour Behind the Label. *Focus on the international human right to safe working conditions.*
<http://labourbehindthelabel.org/campaigns/worker-safety/>
- Labour Inspection. International Labour Organization. *The International Program of the Elimination of Child Labour (IPEC) actively works to support labor enforcement agencies that take action against child labor.*
<http://www.ilo.org/ipec/Action/Labourinspection/lang--en/index.htm>

World Trade Organization:

- World Trade Organization (WTO). *Details on the WTO’s operations, including specific information for students, journalists, and NGOs, recent news and events, educational videos on trade and the WTO, and trade topics.*
<https://www.wto.org/>
- Trade Related Aspects of Intellectual Property Rights (TRIPS). *Comprehensive news and information on the TRIPS agreement and the WTO, including a basic introduction to TRIPS, recent publications, specific TRIPS issues, videos, and frequently asked questions.*
https://www.wto.org/english/tratop_e/trips_e/trips_e.htm

Diplomatic Simulations

The U.S. Diplomacy Center offers educators immersive programs that explore the goals and practice of diplomacy, teach diplomatic skills, build global competence, and illustrate how the critical work of American diplomats impacts people's everyday lives. Lesson plans emphasize 21st century skills: creativity and innovation; critical thinking and problem solving; and communication and collaboration. These skills are keys to success for the next generation of global citizens.

The Diplomatic Simulation Program is the Center's premier educational tool. In a collaborative learning environment, students step into the shoes of real-life diplomats. The diplomatic simulations are designed for 15-30 participants, plus a teacher/moderator. Students receive a scenario related to a global issue, which could be real-world or hypothetical, current or historic. Within each simulation, there are five to six stakeholder groups (e.g., foreign ministries, NGOs, and international organizations), each with different perspectives and priorities. Students role-play these stakeholders in small teams of three to five. Under set time constraints, the groups are challenged to negotiate a peaceful solution to the crisis in the scenario. Students use the information provided in the simulation packet to develop their group's policy positions and defend or modify their choices in real time.

The simulations have no right or wrong actions or solutions because the process, rather than the end result, is the goal. The learning experience develops organically as the students engage in the simulation. Once the simulation has been completed, students are encouraged to express how their views on diplomacy have evolved as a result of the simulation, and to contemplate how they can apply diplomatic skills to their everyday lives.

Contact our Education Office at USDC@state.gov
for more information.

This document and all associated materials are intended exclusively for educational use.



United States
Diplomacy Center



About the U.S. Diplomacy Center



The U.S. Diplomacy Center is a public-private partnership, an apolitical and non-partisan museum and education center dedicated to telling the story of American diplomacy. The Diplomacy Center is located at the Department of State's historic headquarters, the Harry S Truman building in Washington, D.C. The Center will invite visitors to explore the history, practice and challenges of American diplomacy through interactive exhibits, artifacts, hands-on education programs, diplomatic simulations, and the expertise of foreign affairs specialists.



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